

Message Text

UNCLASSIFIED

PAGE 01 OSLO 00553 020902Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 PA-02 PRS-01 /098 W
-----001466 022334Z /72

R 020645Z FEB 78
FM AMEMBASSY OSLO
TO SECSTATE WASHDC 5189
INFO AMEMBASSY COPENHAGEN
AMEMBASSY PARIS
AMEMBASSY STOCKHOLM

UNCLAS OSLO 0553

PARIS PASS USOECD

E.O. 11652: N/A
TAGS: EFIN, NO, ETRD
SUBJ: NEW AUSTERITY MEASURES, SAVINGS INDUCEMENTS INTRODUCED

REF: A) OSLO 5509, B) OSLO 0408

1. THE FURTHER AUSTERITY MEASURES PROMISED FOR EARLY 1978 (REFTELS)
AIMED AT REDUCING GROWTH IN PRIVATE DEMAND WERE ANNOUNCED BY THE
NORWEGIAN GOVERNMENT ON JANUARY 27. THE NEW MEASURES INCLUDE:

-- A \$377 MILLION REDUCTION IN BANK LENDING FOR CONSUMPTION
PURPOSES IN THE COURSE OF 1978.. (BANKING ASSOCIATION OFFICIALS
ESTIMATE THIS TO BE ABOUT A 17 PERCENT REDUCTION IN
CREDIT AVAILABLE FOR "CONSUMER USE" -- NOT HOUSING, HOWEVER.)

-- NEW REGULATIONS FOR CREDIT PURCHASES INCLUDING MINIMUM DOW-
PAYMENT OF 50 PERCENT (PREVIOUSLY 35 PERCENT) AND THE UNPAID
BALANCE TO BE PAID OVER A MAXIMUM OF 12 MONTHS (PREVIOUSLY NO
NO TIME LIMIT); PASSENGER CAR PURCHASES NOW REQUIRE A MINIMUM
DOWN PAYMENT OF 80 PERCENT (FORMERLY 60 PERCENT), WITH THE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OSLO 00553 020902Z

REMAINDER OVER A MAXIMUM OF 6 MONTHS (PREVIOUSLY 12 MONTHS);

-- A 10 PERCENT (\$38 MILLION) REDUCTION IN THE STATE MUNICIPAL
BANK 1978 \$377 MILLION LENDING QUOTA;

-- A \$75 TAX ON LARGER PLEASURE BOATS AND A \$5.60 PER
HORSEPOWER TAX ON BOAT ENGINES EXCEEDING 9 HP (THIS IS EXPECTED

TO RAISE GOVERNMENT INCOME BY \$4.7 MILLION IN 1978); DISCONTINUATION OF TAX-FREE LOW OCTANE GASOLINE FOR PLEASURE BOAT USE (THIS WILL ADD ANOTHER \$2.8 MILLION TO REVENUE);

-- TO INDUCE SAVING THE PRIVATE BANKS ARE TO OFFER SAVINGS BONDS WITH 9 PERCENT AVERAGE ANNUAL INTEREST AND 5-YEAR MATURITY; THE GOVERNMENT HAS ALSO ISSUED A NEW SERIES OF 5-YEAR MATURITY SAVINGS BONDS WITH 10 PERCENT AVERAGE ANNUAL INTEREST;

-- SOME INCREASE IN THE TAX-FREE LIMITS FOR PERSONAL SAVINGS AND INTEREST THEREON IN 1978.

2. THE REGULATIONS REDUCING LENDING FOR CONSUMPTION PURPOSES, TIGHTENING TERMS FOR CREDIT PURCHASES, DISCONTINUING TAX-FREE GASOLINE, REDUCING THE LENDING QUOTA OF THE STATE MUNICIPAL BANK AND THE SAVINGS BOND ISSUES HAVE ALREADY BEEN PUT INTO EFFECT. THE PLEASURE BOAT TAX PROPOSALS AND THE PROPOSAL CONCERNING PLEASURE BOAT TAX PROPOSALS AND THE PROPOSAL CONCERNING PERSONAL TAXES REQUIRE STARTING APPROVAL; THIS IS EXPECTED WITHIN TWO OR THREE WEEKS.

3. COMMENT: SEEN HERE AS FULLY CONSISTENT WITH THE GOVERNMENT'S EFFORTS TO IMPROVE NORWEGIAN COMPETITIVENESS INTERNATIONALLY BY HOLDING DOWN COST INCREASES, THE NEW MEASURES (AND THE GOVERNMENT'S ECONOMIC PROGRAM) HAVE RECEIVED LITTLE ADVERSE COMMENT. OUR CONTACTS CONTINUE TO BELIEVE THAT THE NORWEGIAN

UNCLASSIFIED

PAGE 03 OSLO 00553 020902Z

PUBLIC WILL NOT BEGIN TO SERIOUSLY COMPLAIN UNTIL SUCH TIMES AS THE LABOR MARKET BEGINS TO SOFTEN NOTICEBLY (AND AS REPORTED, WE SEE LITTLE INCREASE IN UNEMPLOYMENT UNTIL LATER THIS YEAR OR EARLY NEXT YEAR). SO FAR ONLY THE FARMERS -- WHO SEE THEIR PROMISED INCOME COMPATIBILITY WITH INDUSTRY BY 1982 THREATENED BY BOTH THE AUSTERITY MEASURES AND THE LID ON WAGE INCREASES -- HAVE VOICED PUBLIC OBJECTIONS. HOWEVER, THEIR PROTESTS HAVE BEEN SOMEWHAT UNDERCUT BY THEIR OWN ASSOCIATION (NORGES BONDELAG) WHICH HAS ANNOUNCED THAT IT CAN ACCEPT AN OVERALL PACKAGE LEADING TO ONLY "A VERY SMALL INCREASE" IN REAL WAGES THIS YEAR, IF ONLY THE GOVERNMENT'S PLAN FOR RAISING FARM INCOMES IN PRINCIPLE IS NOT DISCARDED.

LERNER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SAVINGS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OSLO00553
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780051-1018
Format: TEL
From: OSLO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197802101/aaaadhih.tel
Line Count: 107
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c0cbcdcc-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 OSLO 5509, 78 OSLO 408
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 feb 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3430153
Secure: OPEN
Status: NATIVE
Subject: NEW AUSTERITY MEASURES, SAVINGS INDUCEMENTS INTRODUCED
TAGS: EFIN, ETRD, NO
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c0cbcdcc-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014